

**OFFICE OF THE SECRETARY OF DEFENSE**  
**Operation and Maintenance, Defense-Wide**  
**FY 2000/2001 Biennial Budget Estimates**

I. Description of Operations Financed:

OVERVIEW

A. Mission and Functions

The National Security Act of 1947 provides for the unification of the Army, Navy and Air Forces under a single Secretary of Defense with cabinet rank. The Office of the Secretary of Defense (OSD) is a major component of the Department of Defense and is the principal staff element of the Secretary of Defense for the exercise of policy development, planning, resource management, fiscal, and program evaluation responsibilities. The Deputy Secretary of Defense is delegated full power and authority to act for the Secretary of Defense.

OSD contains the immediate offices of the Secretary and Deputy Secretary of Defense. OSD also includes the Under Secretary of Defense (Comptroller/Chief Financial Officer) and the Under Secretaries of Defense for Acquisition and Technology; Policy; and Personnel and Readiness. OSD additionally includes organizations led by the Assistant Secretaries of Defense (ASD) for Command, Control, Communications, and Intelligence (C3I); for Legislative Affairs; and for Public Affairs. OSD includes the Assistant to the Secretary of Defense for Intelligence Oversight. In addition, OSD includes the Directors of Operational Test and Evaluation and of Administration and Management. Lastly, OSD includes such other staff offices as the Secretary establishes to assist in carrying out his duties and responsibilities.

B. Acquisition and Technology (A&T)

A&T is the OSD staff element for all matters relating to the acquisition system, research and development, test and evaluation, production, logistics, military construction, procurement and economic affairs. The Under Secretary is the Defense acquisition executive and chairs the Defense Acquisition Board.

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C. Command, Control, Communications, and Intelligence (C3I)

C3I is the OSD staff element for C3I, information management, counterintelligence, security countermeasures, space policy, and information operation operations matters including warning, reconnaissance and intelligence and intelligence-related activities conducted by the Department of Defense. The ASD(C3I) is also the Chief Information Officer.

D. Comptroller/Chief Financial Officer (Financial Management)

The Office of the Undersecretary of Defense (Comptroller) (OUSDC) is the OSD staff element for budget and fiscal matters including financial management, accounting policy and systems, budget formulation and execution, contract audit administration and organization. The office is responsible for the analysis of force planning and programming as a part of the process upon which force structure, system acquisition, and other resource allocation actions are based.

E. Operational Test and Evaluation (OT&E)

OT&E is the OSD staff element for equipment operational test and evaluation.

F. Personnel and Readiness (P&R)

P&R is the OSD staff element for policy matters relating to readiness; personnel policies, programs, and systems; equal opportunity; health policies, programs and activities; Reserve Component programs; family policy; dependent's education; personnel support programs; and mobilization planning and requirements.

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G. Policy

Policy is the OSD staff element for policy matters relating to international security policy and political-military affairs. Functional areas: NATO, net assessments, foreign military sales, arms limitation agreements, international trade and technology, regional security affairs, special operations and low-intensity conflicts, integration of plans and policies with overall national security objectives, drug control policy requirements, priorities, systems, resources, and programs, and issuance of policy guidance affecting departmental programs.

Defense Reform Initiative

The most recent Quadrennial Defense Review (QDR) examined the national security threats, risks, and opportunities facing the United States out to 2015. Based on the QDR analysis, the Department designed a defense strategy to implement the defense requirements of the President's National Security Strategy for a new Century. The November 1997 Secretary of Defense white paper, Defense Reform Initiative- -The Business Strategy for Defense in the 21<sup>st</sup> Century, announced a series of reforms necessary to carry out that defense strategy. Central to the reform effort was the reorganization of the OSD, resulting in a leaner OSD staff and modernized support systems and practices.

The Defense Reform Initiative (DRI) directed the Defense Support Activities be disestablished and their functions and staffs be transferred to either OSD or the Defense Agencies prior to the end of FY 1999. Additionally, the Deputy Secretary directed each OSD staff principal to prepare a detailed streamlining plan for his/her organization that included functional transfers out of OSD, internal restructures and realignments, and further downsizing proposals. Finally, the practice of augmenting staffs with over-strength personnel was ended, with all OSD civilian authorizations being included in the budget.

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As shown in the following table, the DRI directed OSD and the DSAs be reduced by 33 percent from the FY 1996 authorized manpower level of 2,993. While some specific organizational plans have been changed since the FY 1999 President's budget was submitted, the initiative is on track to reach 2,002 authorizations before the end of FY 1999.

	OSD/DSAs Personnel Authorizations				
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 00-05</u>
Military	714	619	487	446	446
Civilian	2,279	1,968	1,657	1,556	1,556
Total	2,993	2,587	2,144	2,002	2,002
Cum Change	-	-406	-849	-991	-991

Although the DSAs were disestablished in FY 1998 as planned; 69 excepted service positions have not been transferred into OSD. (They are currently on Defense Intelligence Agency (DIA) rolls). Enabling legislation is required to allow the conversion of these authorizations to competitive positions before they can be transferred to OSD. This legislation is being proposed and the budget reflects the transfer of 69 FTEs from DIA to OSD effective October 1, 1999.

Included in the OSD reorganization is the shift of management responsibility for a number of programs. The most significant of these are as follows:

- a. The Cooperative Threat Reduction program has been realigned to the new Defense Threat Reduction Agency.
- b. The Partnership for Peace, Humanitarian Assistance, and Canadian Environmental Clean-up programs have been moved to the Defense Security Cooperation Agency.
- c. The Chemical Weapons Demilitarization and Weapons of Mass Destruction programs have been transferred to the Army.

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PROGRAM DESCRIPTIONS FOR THOSE PROGRAMS REQUIRING FUNDS IN THE BUDGET YEAR - FY 2000:

A. Core Operating Program

This program funds the operations of the Office of the Secretary of Defense (OSD). These costs are comprised of the following:

The personnel compensation and benefits costs include salaries, overtime, allowances, and related expenses including contributions to insurance and retirement programs.

Mission related travel costs include tickets, per diem allowances and actual costs for essential travel by OSD staff.

Transportation costs refer to the freight and storage costs incurred when moving the household goods of OSD staff under Permanent Change of Station (PCS) orders.

Official Representation Funds (ORFs) cover the cost of extending official courtesies to guests of the OSD, both foreign and domestic.

B. Program Analysis and Evaluation (PA&E) Program:

Long-Range Planning provides funding for the evaluation of DoD programs using a variety of analytic approaches, including simulations and sophisticated computer-based operations research tools. In addition, funds provide for DoD standard systems key to DoD's resource allocation decision-making, and supports the Simulation and Analysis Center, The Future Years Defense Program, the Contractor Cost Data Reporting initiative and the Visibility and Management of Operating and Support Cost initiative.

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C. Acquisition and Technology Programs:

These programs support the Acquisition and Technology operations of the DoD:

The Defense Environmental Security Corporate Information Management (DESCIM) program provides funding to identify and support implementation of improved environmental business practices and achieve efficient sharing of common environmental data across DoD.

Acquisition Reform Support and Implementation provides funding to support reengineering of the acquisition system. Half of the O&M budget is for development, design and delivering of accelerated education and training modules. The other half supports reforms related to workforce issues, workforce incentives and continuous process improvements.

The Arctic Military Environmental Cooperation (AMEC) program supports cooperation among the defense departments of the U. S., Norway and Russia in mitigating damage to the Arctic environment due to nuclear and chemical contamination.

Deskbook funds provide for the continued development and maintenance of current and coherent acquisition information. This information is being distributed to all persons in DoD responsible for acquisition functions. The reference library and discretionary information contained allowed the volume of mandatory guidance contained in the DoD 5000 series to be reduced by over 90%. Deskbook is released to the acquisition community on a quarterly basis

The Defense Reform Project for Competition and Infrastructure provides for the implementation of three Defense Reform Initiative (DRI) Projects. These are: Competitiveness Sourcing, Utilities Privatization and Energy Management, and Streamlining Infrastructure.

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The Acquisition Programs Support Systems program funds maintenance and modernization of Acquisition and Technology support systems. A variety of systems support acquisition operations as follows:

ACQWEB Internet (A&T's unclassified electronic face to the world).

Lotus Notes applications (a variety of tracking and collaborative groupware applications;

A&T Intranet (unclassified and classified internal webs to greatly facilitate staff access to A&T information bases).

A&T electronic conferencing capabilities (broadcast and stored video at the desktop, Internet and Intranet interactive text and audio, and desktop video teleconferencing).

The Open Systems-Joint Task Force program funding provides the resources needed to make the cultural and other changes necessary to establish and institutionalize an open systems approach to weapons systems acquisition.

The Consolidated Acquisition Reporting System (CARS) program provides funding to streamline and add management information capabilities to the CARS software package. The resulting software package will then be known as "CARS Plus." CARS currently serves over 100 program offices, numerous program executive officers, and members of the Service staffs and the OSD staff. In addition to maintaining current capabilities, CARS Plus provides access and management capabilities beyond the current Selected Acquisition Report, Defense Acquisition Executive Summary, and Acquisition Program Baseline modules.

The Systems Engineering program provides the funding for the mission and function of providing policy and support for the early integration of functional disciplines. These disciplines include systems engineering; software engineering; design for manufacturing and production; acquisition logistics; design to cost; value engineering; quality, reliability and maintainability; risk management; and modeling and simulation in the acquisition program.

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D. Command, Control Communication and Intelligence (C3I):

The C3I Mission and Analysis Fund provides funds for analyses in support of the Information Technology Management Reform Act. The program increase is due to the functional transfer of the C4I Integration Support Activity to OSD under the Defense Reform Initiative.

The Chief Information Officer (CIO) New Mission funding provides for analytic tools and support for managing the DoD Information Technology (IT) portfolio; for assessing the performance and value of IT projects; to develop better IT practices; to develop better process improvements; to develop better support for Red Team, (where a Red Team opposes a Blue Team), exercises; and to develop better exercise evaluation of IT processes.

The Command Information Superiority Architecture (CISA) funds the integrated architecture program. The CISA works closely with the Unified Commanders-in-Chief (CINCs) to identify integration requirements and to secure solutions to support CINC warfighting needs. This program evolved from and is the logical extension of the Command, Control, Communication and Intelligence Surveillance and Reconnaissance (C4ISR) System Architectures for the Warfighter (CAW) and the existing C4ISR Integrated Architecture Program (CIAP).

The Year 2000 (Y2K) Oversight and Contingency Planning program provides funds for C3I's existing Year 2000 Oversight and Contingency Planning Office. It is anticipated that Y2K issues will become more urgent and complex, and that solutions to them will have to be developed both rapidly and in coordination with other U.S. Government agencies, state and local governments, foreign nations, and international and private organizations. These funds will support oversight efforts to address and repair the Department's Y2K software problems.

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The Defense Airborne Reconnaissance Program (DARP) supports those functions necessary for:

Carrying out management oversight responsibilities necessary to the DoD Airborne Reconnaissance Architecture.

Guiding the development, demonstration, and acquisition of improved airborne reconnaissance capabilities, establishing and enforcing commonality and interoperability standards.

Conducting trade-off analyses of Joint Military Department and Defense-wide manned and unmanned aerial vehicles (UAVs), sensors, data links, data relays, and the associated processing systems to ensure that future operational systems satisfy validated warfighter requirements.

Serving as the focal point for coordinating policies, standards, and architectures with all other DoD organizations.

The Gulf States Initiative funds an automated Command, Control, Communications and Computers (C4) system with a unique counterdrug software package developed to support the various law enforcement efforts directed against the illegal transport and sale of Drugs in Alabama, Louisiana, Georgia and Mississippi.

The Interagency Training Center (ITC) program funds technical surveillance and countermeasures (TSCM) training at the ITC. In addition, funds provide for the security, logistics, and maintenance of the Fort Washington compound that houses the ITC, the Office of Special Technology and classified programs.

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The Drug Enforcement Program: No funding is requested for the budget year in OSD O&M. The source of funds is the counterdrug transfer account.

E. Other DoD Programs and Initiatives

Quality Management funds expenses of the Total Quality Management staff office of the OSD.

National Performance Review (NPR) funds the non-pay expenses of this initiative (the reinvention of government) per annual agreements between the White House and DoD. The DoD is among the agencies benefiting from this initiative.

The Persian Gulf War Illnesses Initiative coordinates all aspects of the DoD programs related to Gulf War illnesses. The organization emphasizes DoD's commitment to service personnel and veterans who served in the Gulf and focuses on operational impacts on health and future force protection.

The OSD Study Program provides funding for contract support/advisory and assistance services programs required by the various staff offices of OSD. The Program is managed by the OSD Study Coordinator under A&T and parallels the OSD RDT&E study program. OSD staff offices compete for the resources.

The OSD Contracts and Other Support Services program includes support requirements for the various OSD Staff Offices not within the purview of the OSD Study Program or of another discrete OSD program. Offices supported include Policy, the SECDEF Study Fund, Command, Control Communications and Intelligence (C3I), the General Counsel, the Historian, Personnel and Resources, Reserve Affairs and Program Analysis and Evaluation. The Base Allowance for Housing (BAH) is one of the crucial annual requirements funded by this program.

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The Deputy Chief Financial Officer program funds support the annual requirement for Audited Financial Statements, Financial Management Improvement Plans and Reports, Financial Management Improvement Regulation Maintenance, and the Joint Financial Management Improvement Program Project Management Office.

II. Financial Summary (O&M \$ in Thousands):

<u>A. Activity Groups</u>	FY 1998	<u>FY 1999</u>			FY 2000
	<u>Actuals</u>	<u>Budget</u>	<u>Amount</u>	<u>Current</u>	<u>FY 2000</u>
		<u>Request</u>	<u>Approp</u>	<u>Estimate</u>	<u>Estimate</u>
<u>1. Core Operating Program</u>					
a. Compensation and Benefits*	151,465	159,570	161,668	158,529	169,567
b. Travel of Persons	10,421	12,408	12,408	12,408	13,495
c. Transportation	72	444	95	95	108
e. Official Representation Funds	2,294	1,921	2,612	2,612	2,726
f. Intergovernmental Personnel Act	-	-	-	310	2,106
<u>2. Program Analysis and Evaluation Program</u>					
a. Long-Range Planning	-	21,183	19,140	20,165	23,399

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A. <u>Activity Groups</u>	FY 1998 <u>Actual</u>	FY 1999			FY 2000 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
3. <u>Acquisition and Technology Programs</u>					
a. DESCIM	3,331	11,670	10,545	10,537	14,355
b. Acquisition Reform Support & Implementation	7,889	7,856	7,099	7,093	7,425
c. Arctic Military Environ- mental Cooperation	-	5,500	4,970	4,966	5,885
d. Deskbook	620	2,800	2,530	2,528	3,203
e. Defense Reform Project for Competition & Infrastructure	-	-	-	-	2,789
f. Defense Standardization Program	-	2,569	2,569	0	0
g. Acquisition Programs Support Systems	-	2,248	2,031	2,029	2,161
h. Open Systems Architecture	7,113	4,398	3,974	3,971	1,832
i. Systems Engineering	226	3,969	3,587	3,584	1,353

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A. <u>Activity Groups</u>	FY 1998 <u>Actual</u>	FY 1999			FY 2000 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
3. <u>Acquisition and Technology Programs (Continued)</u>					
j. Consolidated Acquisition Reporting System	1,107	650	587	587	401
k. Commercial Practices Initiative	-	-	-	-	11,819
l. Canadian Environmental Clean-up	-	10,312	10,427	10,529	0
m. Legacy Resource Management Program	10,001	-	10,000	10,000	-
4. <u>Command, Control, Communications and Intelligence Programs</u>					
a. C3I Mission and Analysis Fund	22,546	34,650	31,303	30,779	37,124
b. Chief Information Officer (CIO)	-	-	-	-	14,710
c. Command Information Superiority Architecture (CISA)	-	-	4,000	4,000	9,807

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A. <u>Activity Groups</u>	FY 1998 <u>Actual</u>	FY 1999		Current <u>Estimate</u>	FY 2000 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>		
4. <u>Command, Control, Communications and Intelligence Programs (Continued)</u>					
d. Year 2000 (Y2K)	-	-	-	-	4,903
e. Defense Airborne Reconnaissance Program	-	-	5,000	5,000	12,250
f. Gulf States Initiative	-	-	-	-	1,177
g. Interagency Training Center	3,884	5,431	4,907	4,903	5,489
h. Drug Enforcement Program	12,381	-	-	-	-
5. <u>Other DoD Programs and Initiatives</u>					
a. Quality Management	727	877	795	795	886
b. National Performance Review	1,346	1,300	1,300	1,300	1,300
c. Persian Gulf War Illnesses Initiative	29,546	35,866	35,866	35,866	19,800
d. Native American Land Remediation	7,948	-	8,000	8,000	-
e. OSD Study Program	15,637	22,080	19,934	19,934	23,828

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A. <u>Activity Groups</u>	FY 1998 <u>Actual</u>	FY 1999			FY 2000 <u>Estimate</u>
		<u>Budget Request</u>	<u>Amount Approp</u>	<u>Current Estimate</u>	
5. <u>Other DoD Programs and Initiatives (Continued)</u>					
f. OSD Contracts & Other Support Services	13,014	19,648	17,767	17,738	21,930
g. Deputy Chief Financial Officer (DCFO)	-	-	-	7,050	7,465
h. Mobility Enhancements	-	-	-	10,000	-
i. NIPC Technical Support	-	-	5,000	5,000	-
j. Partnership for Peace	39,279	-	-	-	-
k. Defense Against Weapons of Mass Destruction	43,057	-	-	-	-
l. Defense Environmental Restoration Account	2,061	-	-	-	-
m. Veterans Benefits Improvement Commission	1,802	-	-	-	-
n. Continuity of Operations	588	-	-	-	-
o. Critical Infrastructure Protection Commission	5,464	-	-	-	-

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A. <u>Activity Groups</u>	FY 1998	Budget	Amount	Current	FY 2000
	<u>Actual</u>	<u>Request</u>	<u>Approp</u>	<u>Estimate</u>	<u>Estimate</u>
5. <u>Other DoD Programs and Initiatives (Continued)</u>					
p. National Defense Panel	244	-	-	-	-
q. Innovative Readiness Trn.	1,479	-	-	-	-
r. X-Year Carryover	-	-	-	230	-
s. Youth Leaderhip			400		
Total	<u>398,353</u>	<u>369,836</u>	<u>388,516</u>	<u>400,538</u>	<u>423,493</u>

* Compensation/Benefits in Other Programs (\$000)	<u>FY 1998</u>	<u>FY 2000</u>	<u>FY 2001</u>
Quality Management:	14	-	-
Critical Infrastructure:	2,741	-	-
Gulf War Illnesses:	284	-	-
OSD Studies:	51	-	-
Intergovernmental Personnel Act:	-	310	325

B. <u>Reconciliation Summary:</u>	Change	Change
	<u>FY 1999/1999</u>	<u>FY 1999/2000</u>
Baseline Funding	369,836	400,538
Congressional Adjustments	18,680	0
Price Change	-6,900	12,757
Functional Transfers	10,602	-19,358
Program Changes	8,320	29,556
Current Estimate	400,538	423,493

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C. Reconciliation of Increases & Decreases:

1.	FY 1999 President's Budget		369,836
2.	Congressional Adjustments (Distributed)		
	a.	Youth Leadership	400
	b.	C4ISR	4,000
	c.	DARP	5,000
	d.	Lower-Priority Program Increases	-10,500
3.	Total Congressional Adjustments (Distributed)		-1,100
4.	Congressional Adjustments (Undistributed)		
	a.	Sec. 8105 DRI Savings	-339
	b.	Sec. 8108 Revised Economic Assumptions	-700
	c.	FFRDC	-1,890
	d.	Legacy Resource	10,000
	e.	NIPC Technical Support	5,000
5.	Congressional Earmarks		
	Native American Lands Mitigation Earmark	8,000	
	Earmark Bill Payer	-291	
6.	Total Other Congressional Adjustments Undistributed		19,780
7.	FY 1999 Appropriated Amount		388,516
8.	FY 1999 Supplemental Appropriations		0

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C. Reconciliation of Increases & Decreases: (Continued)

9.	Functional Transfers-In	
a.	Mobility Enhancements	10,000
10.	Other Transfers-In	
a.	DRI-Related Transfers	
	Admin. Support and Assistance from WHS	154
	Emergency Planning from Army	109
	Info. Management Positions from Army	1,117
	SERDP from Army	103
	HBCU/MI from Army	104
	EQ Perform Evaluation from Army	83
	Conventional Munitions from Army	104
	EnvRes Community Advocacy from Army	102
	EnvRes Emerging Technologies from Army	122
	CTR from DTRA	317
	ATSD(NCB) from DTRA	441
	IACP from DSCA	852
	Additional IACP from DSCA (+5 Civ. FTE)	500
	International and Commercial from DSCA	142
	Humanitarian Assistance/Dem. from DSCA	81
	Ozone Depleting from DLA	94
	Advisory Support Group from DHRA	102
11.	Total Transfers-In	14,527

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C. Reconciliation of Increases & Decreases: (Continued)

12.	Functional Transfers-Out		
	a. MILSPECS Reform to DLA	-2,569	
	b. C3I IT to WHS	-500	
	c. Reallocation of Youth Leadership	-400	
13.	Other Transfers-Out		
	a. DRI-Related Changes		
	FOIA to WHS	-90	
	DSMC to DAU	-118	
	Electronic Commerce to DLA	-192	
	White House Defense Fellows to WHS	-56	
14.	Total Transfers-Out	-3,925	
15.	Total Functional Transfers		10,602
16.	Price Changes		
	a. OSD Personnel	-8,200	
	b. Civilian Pay	1,300	
	Total Price Changes		-6,900
17.	Program Changes		
	a. X-Year Brought forward	230	
	b. DCFO	7,050	
	c. FYDP Improvement	1,040	
	Total Program Changes		8,320
18.	FY 1999 Program Current Estimate		400,538

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C. Reconciliation of Increases & Decreases:

19. Price Growth		
a. Annualized FY 1999 Pay Raise (.00910)	1,364	
b. Annualized FY 2000 Pay Raise (.003292)	4,951	
c. Other Compensation and Benefits Price Changes	2,844	
d. Other Price Changes	3,598	
 Total Price Growth		 12,757
20. Functional Transfers		
a. Transfers-In		0
b. Transfers-Out		
Canadian Environmental Cleanup to DSCA	-10,687	
Quadrennial Review of Military Compensation to DHRA	-600	
NATO Support to Army	-152	
Persian Gulf War Illnesses to WHS	-9,700	
 Total Functional Transfers		 -21,139

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C. Reconciliation of Increases & Decreases:

21. Program Increases

- |  |       |
|--|-------|
| a. Compensation and Benefits - FTEs transferred from DIA behind the DRI schedule (69). In FY 1998 this funding was reimbursed to DIA from Other Contracts.   | 7,211 |
| b. Travel and Transportation - Increased modestly to fund increased travel by the Secretary of Defense, his immediate staff, and his security detail as shown under the explanation of increases for Official Representation Funds, listed below, and the cost of transporting and storing household goods for OSD personnel traveling under Permanent Change of Station (PCS) orders. | 901   |
| c. Transportation of Things  | 12    |
| d. Official Representation Funds - Additional funds are allocated for this purpose to meet the international representation demands placed upon Secretary Cohen and his immediate office. These visits with Chinese, Japanese, Korean, and former Soviet Ministries of Defense have increased in frequency and the size of official parties, with correspondingly increased costs.     | 75    |

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C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

e. Intergovernmental Personnel Act (IPA) for the Director, Operational Test and Evaluation (OT&E) - An increase for IPA critical to OT&E (4 IPA).	800
f. Intergovernmental Personnel Act (IPA) for the Director, Defense Research and Engineering (DDR&E) - An increase for IPA critical to DDR&E (6 IPA).	910
g. Long-Range Planning - An increase for FYDP Improvement and the assessment of DoD plans and programs by Program Analysis and Evaluation (PA&E).	2,947
h. Defense Environmental Security Information Management - This increase is restore the program to its FY 1998 and earlier level of effort.	3,660
i. A&T Support (Property Plan & Equipment Reports) - Responsibility for these annual reports was given to A&T beginning in FY 2000 (Congressional Requirement).	1,000

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

j. Acquisition Reform Support and Improvement funding is increased due to rephrasing of Pay for Performance spending.	226
k. Arctic Military Environmental Cooperation - Increase will accelerate contamination remediation to reduce the danger and extent of Nuclear and Chemical contamination of the Arctic by sunken ex-Soviet submarines.	845
l. Deskbook - This increase will fund wider distribution of Deskbook products among the acquisition workforce \$383,000 is a transfer from the Air Force.	637
m. Acquisition Program Support Systems funding is modestly increased.	102
n. Competition and Infrastructure Project - This is a new program, which will fund Competitiveness Sourcing DRI projects, Utilities Privatization and Energy Management DRI projects and Streamlining Infrastructure DRI projects.	2,789

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

- |   |        |
|---|--------|
| o. Commercial Practices Initiative - This new program will fund training and education efforts for the purpose of resolving the overpricing issue. Continuous acquisition learning activities and distance learning offerings by the Defense Acquisition University (DAU) are planned. This program responds to Congressional interest in this particular area. | 11,819 |
| p. C3I Mission and Analysis Fund - These funds will be used to perform technical analyses of ongoing and emerging requirements in C4ISR. The analyses support the DoD-wide implementation of the Information Technology Management Reform Act.  | 5,868  |
| q. CIO New Mission - The Chief Information Officer is charged with fundamentally changing the way Information Technology oversight is conducted. The funds are needed for performance assessment activities, planning and oversight of Electronic Commerce and resolution of Year 2000 issues.  | 14,710 |
| r. Command Information Superiority Architecture (CISA) provides a systematic mechanism for achieving Information Superiority through  |        |

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

interoperable, integrated, and cost effective capabilities.	5,747
s. Year 2000 Initiative (Y2K) will support efforts to address and repair the Department's Y2K software problems.	4,903
t. Gulf States Initiative - Provides an automated C4 system with a unique counterdrug software package developed to support the various law enforcement efforts directed against the illegal transport and sale of drugs in Alabama, Louisiana, Georgia, and Mississippi.	1,177
u. This increase in Defense Airborne Reconnaissance Program funding supports functions necessary to DoD Integrated Airborne Reconnaissance Architecture to guide the development, demonstration, and acquisition of improved airborne reconnaissance capabilities; establish and enforce commonality and interoperability standards; conduct trade-off analyses of Joint Military Department and Defense-Wide manned and unmanned aerial vehicles (UAVs), sensors, data links, data relays, and associated processing systems to ensure future operational systems satisfy validated warfighter requirements.	7,175

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

- v. Interagency Training Center - This modest increase will support increased interest in training for Technical Surveillance Countermeasures. 512
  
- w. OSD Study Program - The increased funding levels are programmed for contracting for services that can be performed more efficiently in the private sector and increasing reliance on cutting edge technology no longer available in-house. This represents man-years of effort acquired from a variety of contractors, including FFRDCs. Military and business systems are becoming increasingly more complex, and technical expertise is becoming more difficult to develop and retain in-house. Examples of the increasing requirement for technical contractor support include technical analysis and subsequent software development; advanced modeling and distributed interactive simulation, and other analytic and cost research tools; PPBS automation; paperless contracting; information security and information warfare solutions; and Y2K compliance and implementation. Other contracted technical support is required for emergent analyses of both the macro DoD infrastructure—the portfolio of weapons systems, installations, military housing and military forces—and the time-critical aspects of terrorist events and their effects. 3,595

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

- x. The OSD Contracts and Other Support Services program - These funds will underwrite external research and analyses which will be required in connection with the next Quadrennial Defense Review (QDR). QDR-related research will be needed for modeling and simulation of future warfare, for continued analysis of asymmetric threats to U. S. security interests to better understand the implications of alternative U.S. strategies and force postures, and to examine alternative force structures, budgets, and strategies. These additional resources will also be used to support consequence planning in the event of a major terrorist threat to U.S security interests and the role of the DoD in either deterring or responding to such a threat. The value of the QDR will be diminished to the extent that it fails to take maximum advantage of external analyses and alternative points of view. 10,937
  
- y. The Deputy Chief Financial Officer (DCFO) funds will support Audited Financial Statements, Financial Management Improvement Plans and Reports, Financial Management Improvement Regulation Maintenance, and the Joint Financial Management Improvement Program project Management Office. 309

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

21. Program Increases (Continued)

z. Quality Management - This increase will further DoD education activities in promoting quality management principles.	79
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Total Program Increases	89,017
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22. Program Decreases

a. Compensation and Benefits - FTE eliminations under the DRI (-43 FTE= -\$4,902). Other decreases (-\$262).	-5,165
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b. OSD Contracts and Other Support Services - FTEs transferred from DIA behind the DRI schedule (69). In FY 1998 this funding was reimbursed to DIA from Other Contracts.	-7,211
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c. Open Systems Architecture decreases because ramping-up costs in prior years aren't required in FY 2000, which is funded at a sustaining level of effort.	-2,199
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d. Systems Engineering funded at a reduced level because the software effort funded in FY 1999 is not funded in FY 2000.	-2,285
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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

22. Program Decreases (Continued)

e. Consolidated Acquisition Reporting System is funded at a lower level due to projected lower cost database maintenance requirements.	-195
f. Persian Gulf War Illnesses - Declining funding is programmed beginning in FY 2000 as the program will begin shifting its focus to Medical Research from outreach activities.	-6,904
g. Legacy Resource - Not funded in FY 2000. This is a Congressional Increase for A&T Environmental Security in FY 1999 and earlier.	-10,146
h. National Information Protection Center (NIPC) - Not funded in FY 2000, a Congressional add for C3I in FY 1999.	-5,075
i. Native American Lands - This was a Congressional Earmark for A&T Environmental Security in FY 1999, not budgeted in FY 2000.	-8,120
j. Mobility Enhancements - This was a transfer from the Joint Staff in FY 1999, not budgeted in FY 2000.	-10,150

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II. Financial Summary (O&M \$ in Thousands): (Continued)

C. Reconciliation of Increases & Decreases:

22. Program Decreases (Continued)

k. X-Year Program Not Continued. - This was brought  
forward for FY 1999 and isn't shown in FY 2000. -230

Total Program Decreases -57,680

22. FY 2000 Budget Request 423,493

III. Performance Criteria and Evaluation Summary:

The Secretary of Defense is the principal defense policy advisor to the President and is responsible for the formulation of defense policy and policy related to the DoD and for the execution of approved policy. Under the direction of the President, the Secretary exercises authority, direction and control over the Department of Defense. Evaluation of the performance of the component offices of OSD is made by the Secretary and Deputy Secretary and, in certain cases, by the Under Secretaries of Defense. Control and management of the DoD is maintained through the establishment of policies, directives, funding controls, and personnel authorizations.

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III. Performance Criteria and Evaluation Summary: (Continued)

The OSD has civilian oversight responsibility for the following major forces:

Satellites, Strategic Recce/Intelligence Collection:

Imagery Satellites	
Visible and Infra-Red	3
Radar-Imaging	1
Electronic Ocean Recce Satellite	1
Navigational Satellite Timing and Ranging (NAVSTAR)	24

Strategic Weapons:

Air Force Silo Based ICBMs	640
Navy Submarine Based ICBMs	432
Strategic Bombers	174

Warships:

Aircraft Carriers	12
Cruisers	29
Destroyers	57
Frigates	40
Strategic Submarines (carry Trident ICBMs)	18
Tactical Submarines (carry Tomahawk and Harpoon)	66
Mine Warfare Ships	26
Amphibious Warfare Ships	43

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III. Performance Criteria and Evaluation Summary: (Continued)

Miscellaneous:

Fighter, Fighter/Attack, or Fighter/Ground Attack Squadrons (52 AF, 49 ANG, 32 Navy, 30 Marine).	163
Maritime Reconnaissance Squadrons	12
Divisions (10 Army, 3 Marine)	13
Armored Cavalry Regiments	3
Aviation Brigades	5
Artillery Brigades	6
Surface to Air Missile Battalions	11

(Other support and combat forces in proportion)

Total Armed Forces Personnel:

Active	1,401,600
Reserve	1,350,550

(Source: The Military Balance 1998/99)

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IV. <u>Personnel Summary:</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 1998/1999</u>	<u>FY 1999/2000</u>
<u>Military End Strength</u>					
Officer	503	418	376	-85	-42
Enlisted	75	79	70	+4	-9
Total	578	497	446	-81	-51
<u>Civilian End Strength</u>					
US Direct Hire	1,501	1,436	1,505	-65	+69
<u>Military Workyears</u>					
Officer	503	410	376	-85	-42
Enlisted	75	79	70	+4	-9
Total	578	497	446	-81	-51
<u>Civilian Workyears (FTE)</u>					
US Direct Hire	1,624	1,479	1,505	-145	+26

Note: In FY 1999, 69 FTE are being reimbursed to DIA. These are the end strengths to be transferred in FY 2000.

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V. OP 32 Line Items as Applicable: (Dollars in Thousands)

	FY 1998 <u>Actual</u>	Change FY1998/FY1999		FY 1999 <u>Estimate</u>	Change FY1999/FY2000		FY 2000 <u>Estimate</u>
		<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
Executive, General and Special Schedules	151,544	5,071	0	156,615	8,994	2,046	167,655
Wage Board	462	23	0	485	13	0	498
Benefits to Former employees	2,211	75	-885	1,401	59	-59	1,401
Disability Compensation	338	11	-11	338	14	-14	338
Travel of Persons	12,528	137	-257	12,408	186	901	13,495
Commercial Transportation	72	0	33	105	1	2	108
Studies, Analysis & Evaluation	171,086	1,881	-3,361	169,606	2,544	5,448	177,598
Engineering & Technical Services	6,936	76	-137	6,875	103	222	7,200
Other Intra-Governmental Purchases	30,056	330	-596	29,790	446	964	31,200
Other Contracts	4,624	50	-91	4,583	68	149	87
Other Costs	18,496	203	-367	18,332	274	594	29,027
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<b>Total</b>	<b>398,353</b>	<b>7,771</b>	<b>-5,586</b>	<b>400,538</b>	<b>12,629</b>	<b>10,326</b>	<b>423,493</b>